

**POWER
PLAY**



Serving:

**OIL AND GAS
PRODUCERS**

REFINERIES

PETROCHEMICAL PLANTS

PULP AND PAPER MILLS

**TRANSPORTATION
FACILITIES**










**PUBLIC AND PRIVATE
UTILITIES**

POWELL INDUSTRIES, INC. designs, manufactures and packages equipment and systems for the distribution, control, generation and management of electrical energy and other dynamic processes. Headquartered in Houston, Texas, Powell serves large industrial customers such as oil and gas producers, refineries, petrochemical plants, pulp and paper mills, transportation facilities, and public and private utilities.

Powell realizes powerful advantages through rapid response, innovation, service, and craftsmanship. Powell is a customer-focused, technology-driven, and solutions-oriented company offering single point sourcing to our customers, no matter how diverse the project.

Powell operates five wholly-owned subsidiaries: Powell Electrical Manufacturing Company (PEMCO), Delta-Unibus Corp., Unibus, Inc., Powell-ESCO Company and Transdyn Controls, Inc. PEMCO operates four divisions: Electrical Division, Apparatus Service Division, Offshore Division and North Canton Division, and one wholly-owned subsidiary, Powell Power Electronics Company, Inc.



-  DISTRIBUTION SWITCHGEAR
-  POWER CONTROL ROOMS
-  POWER QUALITY
-  MOTOR CONTROL
-  NON-SEGREGATED BUS DUCT
-  ISOLATED-PHASE BUS DUCT
-  DISTRIBUTION SWITCHES
-  PROCESS CONTROL
-  POWER ELECTRONICS

FINANCIAL HIGHLIGHTS

Years Ended October 31,	2001	2000	1999
Revenues	\$271,243,000	\$223,019,000	\$212,531,000
Net Earnings	\$13,542,000	\$7,061,000	\$7,127,000
Net Earnings Per Common Share (Diluted)	1.28	.67	.66
Weighted average shares outstanding (Diluted)	10,600,000	10,530,000	10,777,000

Balance Sheet Data:

Working capital	\$88,981,000	\$63,508,000	\$59,782,000
Total assets	186,361,000	137,926,000	127,531,000
Long-term debt	21,285,000	5,714,000	7,143,000
Stockholders' equity	109,369,000	94,087,000	90,772,000



Fiscal 2001 was a very productive year for Powell Industries. We managed double-digit growth in a year marred by the tragic attacks of September 11, a general economic recession, and a major reassessment of the power plant construction market. We enjoyed enhanced capabilities from our internal initiatives to expand capacity and employ lean manufacturing. Those enhanced capabilities combined with market-focused selling, and our customer-first philosophy produced record results.

We anticipate continued opportunities in power plant construction even though recent developments have delayed and cancelled domestic projects planned for 2003 and beyond. We expect strong activity as this market takes a more measured approach to expanding the nation's power generating capacity. The need to expand power generation capacity is a basic one that continues in spite of the prevailing negative press.

The direction of the economy, both domestic and international, is the primary force that determines the levels of capital investment in our chosen market segments. Our operating results have remained strong and we are well positioned to take advantage of a return to the growth cycle of the economy. Our backlog is healthy and there are significant growth opportunities in our major markets.

The oil and gas production market is beginning a growth cycle. At present there are significant production projects slated for the Gulf of Mexico and international areas. Our products are well suited for application on the production platforms and massive floating production systems being built. Powell has already secured several projects and a significant long-term supply agreement with one of the world's major oil companies.

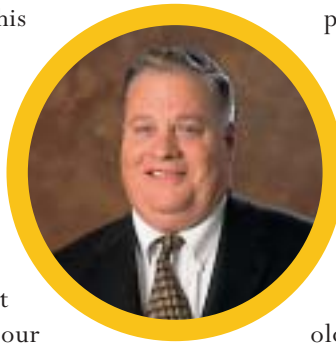
In refining, petrochemical, mining, and other basic industries the driving force of capital equipment expenditures is consumer demand. These markets have been historically successful for Powell. As an economic recovery takes effect, there will be growth in consumer demand that will in turn mean new construction and new opportunities.

Government-funded infrastructure projects continue to be a significant market for Powell. Electric rail transit projects, highway management system projects, and water/wastewater projects are all areas of opportunities for Powell products and capabilities. Recent successes in these areas have created a solid and profitable backlog.

Our international opportunities are affected by the strength of the dollar, the level of regional economic activity, and our ability to deliver products responsive to international standards. Powell has, for many years, exported significant amounts of equipment and has worldwide market recognition in our chosen market segments. In the past we served this export market with equipment built to American standards. Our new initiative to offer products responsive to international standards recognizes the changing requirements of our customers.

We are focused and have the agility to move quickly to meet market demands. We strive to meet market demand for new solutions to old problems. Powell is developing solid-state power products for both AC and DC applications. We have expanded capabilities of current product lines by applying proven technology in innovative ways. All of these efforts are a result of being engaged with customers and responding to their needs and demands. We are continuing to evaluate other ways of meeting those needs through acquisitions that match our core business and competencies.

Powell will stay the course, recognizing that the customer is the source of our success. We enter the new millennium with an extensive re-engineering of internal processes and a lean thinking mentality. We are on a quest to find ways to improve performance; bringing customers, employees, and suppliers closer together. We realize that performance drives growth, but in return growth demands performance. Fiscal 2001 was a year of which we can be proud and a year that has prepared us to meet the demands of the future.

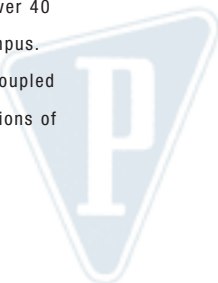


A handwritten signature in blue ink, which appears to read "Thomas W. Powell". The signature is fluid and cursive, written over a white background.

Thomas W. Powell
Chairman, President and CEO



Texas A&M University located in College Station, Texas, had the need to replace their out-dated and under-rated electrical power distribution system. The growing student population and increased power demands had outstripped the existing system. The solution was a main assembly of over 40 sections of switchgear coupled with smaller satellite substations located throughout the campus. High quality, long-life equipment with the latest in electronic relaying and control systems coupled with Powell capacitor banks provided the proper solution. Powell provides value-added solutions of dependable custom engineered equipment exactly suited to the needs of the customer.





**DISTRIBUTED
POWER**

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The requirements of the Naval Shipyard located in Brooklyn, New York for electrical power are tremendous. Onsite generating capacity that ties to the electrical grid of the Northeast United States means moving and distributing that electrical energy to where it is needed most. A combination of bus duct systems, both non-segregated phase and isolated-phase, is used for the connection requirements, a custom engineered solution to a large distribution requirement. Safe, reliable, and dependable solutions are trademarks of Powell.





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Transportation of large numbers of people in the shortest amount of time requires creativity. The Delaware Memorial Bridge illustrates how process control systems improve the efficiency of existing infrastructure. By managing the traffic flow and providing accurate and timely information to individual drivers, the flow of vehicles can be routed to maximize safety and minimize transit time. The unique energy requirements of the light rail industry are also an ideal match for our custom engineered systems. Powell brings the best solutions that technology can provide.





**INNOVATIVE
POWER**

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Power Transmission & Distribution



Power Generation



Petrochemical Refining & Producers



Offshore Oil & Gas Production



Mining



City/State Governments and Agencies



Intelligent Highway Management



Pulp & Paper



Waste Water Treatment



Light Rail

Powell Industries works to provide custom engineered solutions to a wide array of markets by managing the transmission, distribution, control, and quality of electrical power and other dynamic processes. These solutions have application across numerous markets and the ever-changing landscape of heavy industry. The success of Powell comes from bringing talented and experienced people together with the latest proven technologies in order to find the solutions that are an exact match for the complex problems facing our customers.

- DISTRIBUTION SWITCHGEAR
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CONDENSED CONSOLIDATED STATEMENTS
OF OPERATIONS

(in thousands, except per share data)

Years Ended October 31,	2001	2000	1999
REVENUES	\$271,243	\$223,019	\$212,531
Cost of goods sold	214,446	182,340	172,353
Gross Profit	56,797	40,679	40,178
Selling, general and administrative expenses	35,007	29,841	29,354
Earnings from operations	21,790	10,838	10,824
Interest (income) expense, net	359	(44)	361
Earnings before income taxes	21,431	10,882	10,463
Income tax provision	7,889	3,821	3,336
NET EARNINGS	\$13,542	\$7,061	\$7,127
Net earnings per common and common equivalent share (diluted)	\$1.28	\$.67	\$.66

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Board of Directors and Stockholders of Powell Industries, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Powell Industries, Inc. and subsidiaries as of October 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended October 31, 2001, appearing in the 2001 Form 10-K filed by the Company with the Securities Exchange Commission (which statements are not presented herein). In our report dated November 29, 2001, also appearing in the Form 10-K, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated statements of financial position as of October 31, 2001 and 2000, and the related condensed consolidated statements of operations for each of the three years in the period ended October 31, 2001, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

ARTHUR ANDERSEN LLP
Houston, Texas
November 29, 2001



CONDENSED CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION

(in thousands)

years ended October 31,	2001	2000
CURRENT ASSETS		
Cash and cash equivalents	\$6,520	\$2,114
Accounts receivable, net	76,592	54,205
Costs and estimated earnings in excess of billings	36,164	24,292
Inventories	21,425	17,523
Other current assets	1,878	1,839
Total Current Assets	142,579	99,973
LESS CURRENT LIABILITIES		
Accounts and income taxes payable	18,857	16,373
Accrued expenses	18,454	13,348
Billings in excess of costs and estimated earnings	14,858	5,315
Current maturities of long-term debt	1,429	1,429
Total Current Liabilities	53,598	36,465
Net Working Capital	88,981	63,508
ADD LONG-TERM ASSETS		
Property, plant, and equipment, net	37,409	31,383
Other assets	6,373	6,570
Total Long-Term Assets	43,782	37,953
LESS LONG-TERM LIABILITIES		
Long-term debt	21,285	5,714
Other long-term liabilities	2,109	1,660
Total Long-Term Liabilities	23,394	7,374
Stockholders' Equity	\$109,369	\$94,087

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related information in the 2001 Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission.

The forward looking statements in this Summary Annual Report, including, without limitation, those contained in the Letter to Investors and Employees are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward looking statements involve risks and uncertainty in that actual results may differ materially from those projected in the forward looking statements. These risks and uncertainties include, without limitation, difficulties which could arise in obtaining materials or components in sufficient quantities as needed for manufacturing and assembling operations; unforeseen political or economic problems in countries to which a business segment exports its products; problems in the quality of its products; the design, production methods, and price of its products in relation to its principal competitors; any significant decrease in its backlog of orders; any material employee relations problems, or any material litigation or claims made against a business segment; as well as general market conditions, competition, and pricing. Please refer to the Company's filings with the Securities and Exchange Commission, including, without limitation, the Company's 2001 Annual Report on Form 10-K accompanying this Summary Annual Report, for further information.

Quarterly stock prices and trading volumes
for the last two fiscal years

MARKET INFORMATION

	High	Low	Last	Average Daily Volume
2001				
First Quarter	\$ 14.13	\$ 9.50	\$ 13.31	19,417
Second Quarter	17.85	13.31	17.85	75,427
Third Quarter	32.66	17.85	20.85	106,859
Fourth Quarter	28.50	17.06	21.19	58,103
2000				
First Quarter	\$ 8.38	\$ 4.63	\$ 6.88	37,863
Second Quarter	10.50	6.88	8.91	19,527
Third Quarter	10.19	7.25	8.38	13,883
Fourth Quarter	13.31	7.88	10.94	13,400

The Company has paid no dividends on its common stock during the last three years and anticipates that it will not do so in the foreseeable future.

Shareholder inquiries regarding changes of address, transfer of stock certificates and lost certificates should be directed to:

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10007
(212) 936-5100

Inquiries from shareholders, securities analysts, registered representatives and the news media regarding company information should be directed to Shareholder Relations (713) 947-4422 at the Company's executive offices.

BOARD OF DIRECTORS
AND OFFICERS

Thomas W. Powell
Chairman, President and CEO

Joseph L. Becherer²
Consultant

Eugene L. Butler¹
Chairman Intercoastal Terminal, Inc.

James F. Clark
Vice President – Square D
Corporation (Retired)

Bonnie L. Powell
Private Investor

Stephen W. Seale, Jr.¹
Director – Operations, Materials and
Structures, Southwest Research
Institute (Retired)

Lawrence R. Tanner¹
Manager, Energy Management
Compaq Computer Corp.

Robert C. Tranchon²
President and CEO
Reveille Technology

Ronald J. Wolny²
Vice President – Fluor
Daniel, Inc.

Jesse R. Milam, Jr.
Director Emeritus

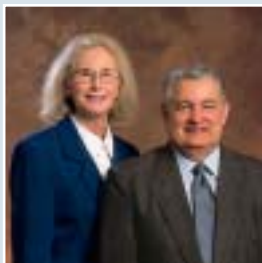
Don R. Madison
Vice President,
Chief Financial Officer

Robert B. Gregory
Corporate Controller

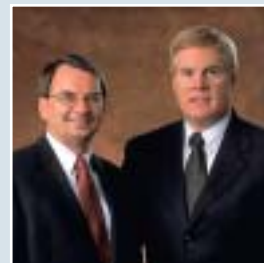
¹ Audit Committee ² Compensation Committee



Thomas W. Powell



Bonnie L. Powell
Robert C. Tranchon



Don R. Madison
Robert B. Gregory



Eugene L. Butler
James F. Clark



Joseph L. Becherer
Stephen W. Seale, Jr.



Lawrence R. Tanner
Ronald J. Wolny



Jesse R. Milam, Jr.
(Emeritus)

CORPORATE INFORMATION

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Chairman, President and CEO

Don R. Madison
Vice President, CFO,
Secretary and Treasurer

Robert B. Gregory
Corporate Controller

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Thomas C. Burtnett
President

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President

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